

LUXURY MEMO SPECIAL REPORTS

## Multichannel – Luxury Memo special report

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Multichannel retail has changed the way luxury consumers shop. Image credit: Nordstrom

By DANNY PARISI

There are many theories, explanations and predictions for how the way people shop is changing. But one undeniable reality is that customers no longer shop through single channels.

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The rise of digital, the fragmentation of retail options and the dissolution of brand loyalty have all contributed to the rise of multichannel retail. Multichannel, or omnichannel as some call it, simply means that a brand or retailer is integrating the various channels of its business, such as bricks-and-mortar stores, social media and ecommerce, into one cohesive path.

This trend has been incredibly influential over the last few years, with brands across the luxury world radically reorganizing the way they do business to capture shoppers across touchpoints.

"Shopping today is all about digital, digital and digital," said Brian Bunk, principal at [Boston Retail Partners](#), Boston. "With the advent of mobile commerce, consumers expect to shop whenever and wherever they want."

"The customer journey continues to evolve as consumers move across channels to research, purchase and review products with easy access to merchandise and information right in the palm of their hands," he said. "According to a recent research report, Retail's Digital Crossroads: The Race to Meet Shopper Expectations, digital influences up to 75 percent of all in-store visits and mobile is leveraged in almost half of all in-store shopping experiences."

### Top 5 trends in multichannel

- Mobile

Without a doubt, nothing has shaped the development of multichannel retail the way mobile has. When customers have a high-powered digital device in their pockets at all times, the ability to seamlessly shift between in-person retail channels and digital channels becomes natural. Mobile serves as the gateway between a brand's many channels and the unifying force that ties them together.

- In-store digital tools

One easy way that brands and retailers have begun offering more multichannel efforts is through the use of

digital tools in store. This can take multiple forms. For example, in-store sales associates could be outfitted with tablets that let them check inventory or checkout customers right there on the sales floor, or customers could be offered the option of using a store's application to show them a real-time floor plan of the store to help find what they are looking for.

- Delivery

As ecommerce becomes more popular even in the traditionally more tactile luxury categories, delivery has become a major point of focus. Luxury consumers expect the best, and brands that want to serve them through ecommerce need to use every multichannel tool they have to make sure deliveries are as smooth and seamless as possible.

- Experiential retail

Brands and retailers have also begun making experiences a focus when it comes to retail. While ecommerce is important and valuable, part of multichannel retail is making sure that every channel is supported. As customers come to demand more unique experiences, particularly from luxury brands, in-store events, installations and pop-ups serve as a way to bring the convenience and flexibility of digital commerce to bricks-and-mortar spaces.

- Multichannel marketing

Multichannel extends beyond just retail and shopping. Applied correctly, multichannel can also help brands with their marketing efforts. New digital tools allow brands to identify and track customers across channels, giving brands the ability to retarget them with similar advertisements in different digital channels and recognize who they are when they arrive in the store.

## The multichannel revolution

In today's world, consumers no longer think of things in distinct channels.

Gone are the days when consumers felt that their online experience with a brand could be different from their in-person experience with a brand. Every aspect of a brand's business model must be unified and cohesive to keep customers coming back.

Multichannel retail does more than just improve the customer experience, it also causes consumers to spend more if they engage with a brand or retailer on both a digital and physical level.

According to research from L2, the average omnichannel shopper visits a physical store more often and spends more while there than a non-omnichannel shopper. This data point shows that connecting with customers on multiple levels is one of the most important things the modern retailer can do to improve sales.

For one, having a robust multichannel strategy means that shoppers who engage on multiple channels come to the store more often and spend more money in-store than customers who are solely offline shoppers. L2 found that the average multichannel shopper spends 4 percent more per visit and comes into a store 23 percent more often.



*Multichannel customers are incredibly valuable to brands and retailers. Image credit: BMW*

L2 points to the high number of brands and retailers that have adopted smart multichannel options such as in-store pickup for online orders and promoting in-store events online at 80 and 70 percent adoption rates, respectively ([see story](#)).

These statistics hold up across the overall luxury-consuming world, not just in the United States. For instance, according to a report from Matchesfashion.com, 76 percent of French luxury shoppers have purchased goods online and more than a third of those do so regularly.

Additionally, 90 percent of customers use the Internet for every purchase in some capacity, either to make the purchase or to research before buying in-store.

Over the latter half of 2017, French consumers were just as likely to buy something online as they were in-person, a huge step up from earlier that year.

The ability for consumers to quickly browse through large amounts of products online has led to a resurgence in multibrand stores and sites in France, according to the report ([see story](#)).

Some of the biggest brands in fashion and luxury have embraced the multichannel mindset, working on big projects and even bigger collaborations to solidify their multichannel efforts.

For example, French couture house Chanel is working with Farfetch to connect consumers' online and offline experiences through technology.



*Chanel is embracing technology's potential for retail. Image credit: Chanel*

Farfetch and Chanel have signed an exclusive multi-year innovation partnership agreement that will see the partners develop customer-centric digital solutions for the brand's retail operations both in-store and online. This first-of-its-kind partnership is based on a shared vision that the future of retail hinges on "ultra-personalized experiences."

One of the first initiatives Farfetch and Chanel will collaborate on is creating "Augmented Retail." Building off Farfetch's broader Store of the Future omnichannel platform, the technology company will work with Chanel to develop its own enhanced boutique experience ([see story](#)).

"A major trend is a focus on a holistic and personalized customer experience across any and all touchpoints," Boston Retail Partners' Mr. Bunk said. "Too many omnichannel efforts have failed because their main focus was on a technology or solution versus focusing on the desired customer experience."

"For many retailers, there should be more of a focus on the personalized digital experiences within the store, and the capabilities to support anywhere, anytime, anyhow shopping that customers now desire and expect," he said. "Buy online, pick up in the store (BOPIS) is simply the table stakes for retailers, and the key is to execute it flawlessly."

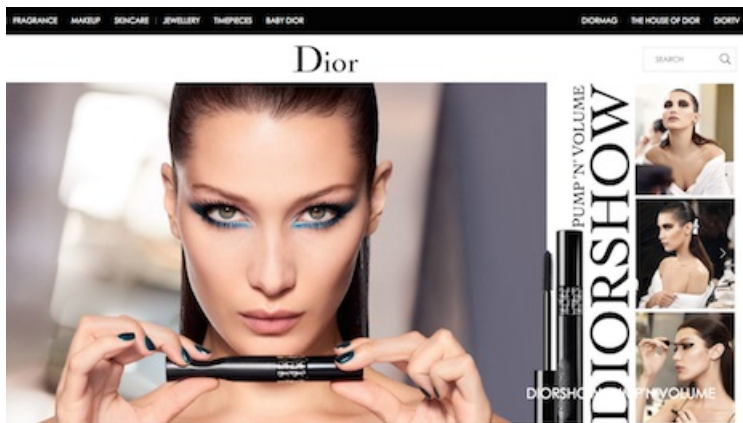
"With increasing expectations, we are also seeing new twists on the BOPIS model to provide customers options, such as buy in-store, ship to home; buy online, ship to home; and buy anywhere, ship or pick-up anywhere."

#### In-store digital tools

Despite the overwhelming rise of ecommerce over the past decade, in-store retail is still a major part of how luxury brands do business today.

Bricks-and-mortar may still be the top sales vessel for luxury brands, but affluent consumers are spending more money online now than ever before.

According to the Luxury Institute, about 38 percent of affluent shoppers' spending on luxury goods happens via online and mobile channels. However, bricks-and-mortar remains a vital aspect of luxury retail, with 52 percent of high-net-worth individuals preferring to shop in stores.



*Shopping through online and mobile is becoming more popular. Image credit: Dior*

Luxury Institute's report looked at individuals from households who earn \$150,000 per year or more in the United States and luxury consumers from the top 1 percent in outside countries such as the United Kingdom, France, Germany, Italy, China, Japan and Mexico.

Roughly 27 percent of luxury consumers have no preference in where they would rather shop when given the choice between digital or offline channels ([see story](#)).

Luxury brands are attempting to bring the same level of personalization and service that in-store customers receive to online shopping as well.

For instance, Swiss watchmaker Hublot is unveiling a digital boutique that aims to make the online shopping experience more compatible with what customers would see when going into a physical store.

The Hublot Digital Boutique allows any customer the ability to discuss the intricacies of different products with Hublot sales associates in real time, just as they would if they went into the store. The digital boutique is part of a larger trend in physical retail that sees brands more closely integrating their online and offline experiences.

With this project, customers who shop online are able to select their closest Hublot boutique and speak remotely, either through Skype or FaceTime, to a Hublot sales associate who will guide them through the shopping experience just as they would in stores.



*Hublot's Digital Boutique aligns online and offline commerce. Image credit: Hublot*

The brand spent considerable time and resources perfecting the digital boutique so that it would offer the exact same caliber of shopping experience online as one would receive when entering a Hublot boutique ([see story](#)).

Aligning the experiences of shopping online and in-store is one of the key concepts behind the multichannel revolution.

For example, customers strongly desire the ability to order something online and pick it up in-store, as 78 percent of consumers hope to see in-store pickup from a retailer.

Reasons for the interest in in-store pickup vary. Forty-five percent of consumers are interested in picking up their products from a store to receive their merchandise faster, however, 42 percent were interested just to avoid shipping costs ([see story](#)).

## Mobile gateway

Mobile is undeniably an intrinsic part of how multichannel efforts are formed today.

The entire premise behind multichannel is the idea that all channels, both digital and physical, should be integrated into one. To that end, the mobile device is the perfect conduit between all those channels.

A smartphone is a powerful digital device linked to a single customer that gives them access to any digital platform imaginable, which they carry with them at all times. Because of this, a large amount of multichannel efforts focus on, or at least include, mobile integration.

For example, French fashion house Louis Vuitton is enhancing its mobile shopping experience through an updated application.

Among the additions to Louis Vuitton's app is visual search, which enables consumers to snap a handbag or garment that catches their eye in a magazine or on a passerby to find it in the brand's catalog. Mobile has become an important channel for reaching luxury consumers, enabling brands to engage with their clients anywhere they are.



*Louis Vuitton's Twist handbag. Image credit: Louis Vuitton*

Louis Vuitton's enhanced mobile app offers access to the entire catalog of Louis Vuitton products with a personalized browsing experience.

Consumers will be shown products that reflect their interests. For instance, the app will adjust whether the customer typically tends to buy handbags or jewelry ([see story](#)).

The new app allows customers to discover a product through their mobile device and complete the purchase in person.

But shopping online through mobile is an important part of multichannel as well.

About half of Yoox Net-A-Porter Group's sales in 2017 came through mobile, pointing to the importance of the channel for reaching the luxury consumer.

In a keynote address at the Cond Nast International Luxury Conference on April 18, the retail group's CEO Federico Marchetti shared his insights on today's affluent shoppers. While many believed that luxury shoppers would not migrate their buying habits online, consumers have shown a willingness to buy high-priced goods ([see story](#)).

However, in some sectors luxury brands are not putting the investment into mobile that they should.

For example, auto brands that link online vehicle pages to local dealerships have grown by 20 percent over the past year. Manufacturers are also sharing online consumer data with local dealerships more so than ever, with a 36 percent increase.

However, luxury auto brands such as Rolls-Royce and Bugatti are among the worst auto brands in terms of digital and mobile investment, ranked at 41 and 42 out of 43, respectively, according to a report from L2.



*Rolls-Royce is one of the many luxury brands who lacks investment in digital. Image credit: Rolls-Royce.*

The auto industry is expected to see a decline of roughly 5 percent by the next year. Automotive manufacturers therefore need to focus heavily on fine tuning their strategies ([see story](#)).

As more shoppers buy online, a brand's mobile presence can become a deal breaker, with about half of consumers saying they have switched to a competitor after a poor experience.

According to a new report from Worldpay, consumers show an affinity for mobile applications that deliver a tailored, speedy, secure purchase path. In particular, India has outpaced the rest of the world in mobile app usage, with most consumers in the developing market willing to pay for more personalized, upscale service.

Across the globe, 68 percent of consumers made their last purchase via an app. Shoppers tend to opt for a retailer's app over the mobile Web due to speed and ease of transaction, since apps often allow them to save information such as payment details.

When trying to convince consumers to download and use an app, retailers need to earn their trust. Moves such as gaining positive ratings in the app store or allowing for a preferred payment method are key to instilling confidence ([see story](#)).

#### Experiential retail

Despite the growing popularity of ecommerce, weekly bricks-and-mortar shoppers have actually increased, from 40 percent in 2015 to 44 percent in 2018, according to a report from Fashionbi ([see story](#)).

To cater to those in-store customers, brands have begun emphasizing experiential retail, offering customers unique in-store experiences to inspire more of them to come into the physical location.

These experiences can take many forms. For example, Rolls-Royce created an experiential event for its customers with the first "cars and cognac" meet.



*Rolls-Royce's event was held at Soho Farmhouse in California. Image credit: Rolls-Royce*

The company hosted an event for some of its most prestigious customers, inviting them out to California to view Rolls-Royce cars and taste fine cognac. The experiential effort was part of Rolls-Royce's larger effort to improve its overall lifestyle brand beyond the cars themselves ([see story](#)).

For the opening of a new Balmain boutique, the brand set up a temporary experience in the lounge. Here, consumers were put on a specially designed Oculus headset to take a virtual tour of Paris guided by Balmain

creative director Olivier Rousteing.

"My City of Lights" follows the designer's emotional journey as he creates each runway collection, taking consumers into the process. The combination of virtual reality at an in-person event is a perfect encapsulation of the multichannel philosophy ([see story](#)).

Just as traditionally bricks-and-mortar brands and retailers can embrace multichannel through digital efforts, ecommerce retailers are also going for multichannel tactics by offering experiences.

For instance, Chinese ecommerce platform Secoo is offering customers something a little more personal in the form of a new personal butler service.



*39 Degree Celsius Service can assist customers with personal shopping. Image credit: Secoo*

Called 39 Degree Celsius Service, the offering is named for what is considered the ideal temperature for a soothing bath. The personal butler service includes many luxury accommodations for both online and offline customers.

The service provides customers with a personal butler who can assist with personal shopping, gift selection, wine, travel, luxury maintenance and other premium services.

The butlers will each have deep knowledge of Secoo's many brands and services, allowing them to serve as experienced advisors to customers and help them make purchasing decisions ([see story](#)).

#### Multichannel's future

Now more than ever, brands must follow the whims of their customers.

Consumers have more information and more options than ever before, and because of that they are now in control of the conversation. One thing consumers have made abundantly clear is that they do not think in terms of channels the way retailers and brands traditionally do.

If those brands want to keep up, they have to be willing to experiment, unite their various disparate channels and present a truly multichannel strategy to garner customer's engagement.

"Whether you call it multichannel, omnichannel, unified commerce, it is clear that shopping has changed and continues to do so at a rapid pace," said Kathy Kimple, senior vice president at [FitForCommerce](#), Short Hills, NJ. "The consumer is more in the driver's seat than ever before. They have the tools at their disposal to shop anywhere at any time.

"They are looking for retailers to make it easier, faster and cheaper and if they do not they can quickly shift and shop elsewhere," she said. "Not only can they shop anywhere, today's shoppers are increasingly using the tools at their disposal to find the item they want, comparison shop, review shipping lead times and read reviews, and they do it online, on their phone, via apps and when in the store.

"Retailers now are working to ensure they have the sales people that are as knowledgeable as today's shopper. Retailers also now face greater challenges of monitoring and managing pricing as well as enhancing their inventory management techniques."

#### Best practices

- Brian Brunk, principal at [Boston Retail Partners](#)
  - "The key to meeting and exceeding customer expectations for omnichannel experiences is to make them

seamless and frictionless. From a seamless perspective, retailers that can identify customers in whatever channel they are shopping and access their profile and transaction history have the ability to personalize the experience with recommendations that are relevant to each individual. As customers put items into an online or mobile shopping cart and shop another channel, it is helpful to have a single shopping cart that follows them along their shopping journey. The single shared cart is the holy grail capability of 'start anywhere, finish anywhere.' For many retailers, this means prioritizing and implementing a strong order management system as part of their unified commerce strategy."

- "Increasingly, retailers are turning to a single platform for customer engagement to drive a unified customer experience. Many retailers struggle with disparate legacy systems that were built in silos, and this greatly handicaps their ability to move forward with that holistic customer experience. A single platform for all customer engagement that leverages a robust integration layer can be utilized to overcome many of these hurdles until legacy systems can be upgraded or replaced."
- Kathy Kimple, senior vice president at [FitForCommerce](#)
  - "Constant connectivity and never-ending options feed into a retail reality where the consumer has full control of the shopping experience. In this new retail world, convenience almost always wins. Smart retailers make it as easy as possible for the shopper to get what she wants, when and how she wants it."
  - "Inventory look up is not only useful online. It is also a critical factor in optimizing the in-store experience. In 2015, 39 percent of retailers enabled store associates to find products that were not available in the store at a different store location or online. In 2017, the adoption rate was 66 percent. This increase is noteworthy. It suggests that retailers are assigning greater focus to servicing customers and saving the sale, even when the product is not in stock. It also indicates that retailers have put in place tools and processes necessary to empower associates to further elevate the shopping experience."
  - "The most important factors for digital shoppers include the ability to easily search for and find products, positive reviews and feedback, ability to purchase from a mobile device, product videos and the ability to buy online and pick up in-store. Features that help shoppers find what they are looking for have come a long way. Yet many retailers still struggle with the basics. Among the highly adopted features are site search with auto-complete/auto-suggest functionality (81 percent) and faceted navigation on category pages, allowing shoppers to select multiple attributes to narrow their search (84 percent)."